



# State of Utah

DEPARTMENT OF NATURAL RESOURCES  
DIVISION OF OIL, GAS AND MINING

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May 7, 2002

TO: Lowell P. Braxton, Director *LPB*  
THRU: Mary Ann Wright, Associate Director *MAW*  
THRU: Wayne Hedberg, Permit Supervisor *WH*  
FROM: Doug Jensen, Senior Reclamation Specialist  
RE: Request for Partial Release of Reclamation Surety, North Lily Mining Company, Tintic Project, M/023/007, Juab County, Utah

On April 18, 2002, the Division received a letter from JBR Environmental Consultants, Inc. requesting a partial release of a portion of North Lily Mining's reclamation bond. This bond is presently being held for North Lily's Tintic Project.

A \$33,634.11 (principal + interest) Certificate of Deposit, is being held by Wells Fargo Bank as reclamation surety for this facility. This surety is being held to insure the completion of the seeding of the plant and pond areas, post-closure heap effluent monitoring, and revegetation success of the site reclamation.

JBR is requesting a release of monies being held for the completion of the seeding of the processing plant and solution pond areas of the site. The reclamation of these areas was completed in May of 2001. Because the final recontouring of these areas was in early spring, final seeding of these areas was not completed until fall. Final seeding was completed in November of 2001, and JBR is now requesting release of that portion of the bond being held for this activity. The bond amount being held for the seeding of the processing plant and solution pond areas is \$9300. JBR is also requesting that all interest accrued to date be released at this time.

The site was inspected on January 6, 2002, but the site was snow covered so it was not possible at that time to verify the seeding of these areas. On February 7, 2002 a second visit was made to the site and the snow had melted off the areas in question. It was apparent that the areas in question had been ripped, amended and seeded.

It is my recommendation that the monies (\$9300 + interest) being held for the final seeding of the plant and pond areas be released. The release of this amount will leave a bond in the amount of \$23,200 for the site. This amount will be held for possible reseeding of the entire 12.3 acres of the site (if required), site management, monitoring and analysis of the residual heap effluent.

If you are in agreement with this partial bond release, please indicate by initializing this memo and signing the attached letter to Wells Fargo Bank authorizing release of said funds.

sm

Attachments:

DOGM Release authorization letter  
JBR 4/18/02 Release Request  
NLMC authorization letters for payment to JBR  
U.S. Bankruptcy Court of Colorado – Notice of filing of joint disclosure statement to accompany first amended plan of reorganization. Dated January 4, 2002 (partial – page 35)  
11/01/01 revised bond estimate

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